Fact sheet:
Backhaul Contributions

In May 2015, the Minister for Communications released a new Telecommunications Infrastructure in New Developments Policy. The policy's objective is to increase efficiency and broaden choice in the provision of telecommunications by encouraging fair competition and ensuring some recovery of costs up front. A key issue in servicing new developments is the cost of the 'backhaul' infrastructure connecting them to the wider telecommunications network.

What is Backhaul?

The infrastructure required to connect new developments to the wider telecommunications network – typically an optical fibre link – is called 'backhaul'. **nbn** backhaul typically involves a connection from the new development to an **nbn**™ network access point that has capacity to service the new development.

The Telecommunications Infrastructure in New Developments Policy requires developers to pay backhaul contributions to **nbn** for all development applications approved on or after 1 July 2015.

How is Backhaul Calculated?

The amount of the backhaul charge is calculated from the development boundary to the closest network access point within the **nbn**™ network where there is sufficient capacity to connect the new development.

Backhaul charging includes the cost of hauling the backhaul as well as any civil construction required to install additional pit and pipe. **nbn** will assess the best route based on costs, and the route with the lowest costs (not the shortest distance) will be selected.

Under 1km

nbn will not charge developers for backhaul where **nbn** has backhaul that is readily accessible. A backhaul extension of no more than one kilometre by route distance from an existing **nbn** development or access point will incur no charge. If there is a major pit and pipe upgrade or extension required backhaul charges may apply.

Over 1km

Where the route length is greater than one kilometre:

1. Developers are required to make a contribution to **nbn's** per lot incremental capital cost of providing backhaul of up to 50 percent of the first $1000. This means the developer contribution toward the first $1000 per lot of capital costs is capped at $500.

2. Developers are also required to meet up to 100 percent of all backhaul costs in excess of the first $1000 per lot.

Minimising costs through co-development

Where the developer is upgrading infrastructure external to the development, **nbn** is committed to negotiating good commercial outcomes to ensure pit and pipe is installed early and developers exposure to the construction component of the backhaul is minimised.

Developers undertaking work outside the development along the **nbn** backhaul route are expected to install appropriate pit and pipe infrastructure for **nbn**. In return, **nbn** will reduce the backhaul construction component.

How do I find out my potential exposure to backhaul?

nbn has established a Feasibility Assessment process to provide early planning information and indicative backhaul contributions. These assessments are designed to assist developers in the early stages of planning and costing developments including pre-acquisition.

The assessment is designed to take into consideration the location and size of each development and estimate a cost based on the existing **nbn**™ network. These costs may reduce over time as additional network is rolled out.

We encourage all developers to actively engage with **nbn** so we can provide feasibility information for your current and long-term development projects.

To request a Feasibility Assessment contact your Account Manager or email: newdevelopments@nbn.com.au

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Open book pricing

Developers are charged a percentage of the full costs that **nbn** incurs in order to deliver the network to the new development.

Pricing table as @ 20 October 2015

Component	**nbn** average cost	Developer Contribution **50% of the first $1,000** per premises	Developer Contribution **100% above first $1,000** per premises
Haul	$13 / metre	$6.5 / metre	$13 / metre
Construction	$60 / metre	$30 /metre	$60 / metre

Pricing is based on **nbn's** current average cost for hauling (including fibre cables) as well as construction (i.e. trenching and boring costs). Quotes are locked at the time they are provided and will not increase or vary from the original agreement.

Backhaul scenarios

Scenario	Charge per lot/premises
Development is in fixed line footprint. **nbn** backhaul is available or readily accessible. (<1 km by route distance)	$0
Development is in fixed line footprint. **nbn** backhaul is not readily accessible – first $1000 per lot of incremental costs.	Up to 50% of incremental capital costs, capped at $500 of the first $1000 per premises (SDUs and MDUs).
Development is in fixed line footprint. **nbn** backhaul is not accessible – costs beyond the first $1000.	Up to 100% of incremental capital costs over $1000, in addition to 50% of incremental capital costs of the first $1000 per premises above. (SDUs and MDUs).
Developer is constructing civil works along the **nbn** route identified.	Developer will only be charged the cost of the haul. Up to 50% of the first $1000 per premises and 100% over $1000. No additional construction costs will be incurred.

Backhaul example

Case study	Backhaul estimate
A developer has an estate of 1000 lots they would like to connect to the **nbn**™ network. At the developer's request, **nbn** undertakes a Feasibility Assessment based on the size and location of the development in relation to the current **nbn**™ network. **nbn** determines an appropriate route and provides an estimate of indicative backhaul contributions. The developer advises they are constructing civil works for 600 metres of the identified route distance.	Distance of backhaul required = 2km Distance of construction required = 1km **nbn costs:** Haul: 2km @$13 per mtr = $26,000 Total construction required: 1km Construction by **nbn**: 400mtr @ $60 per mtr = $24,000 Construction by developer: 600mtr = $0 TOTAL: $50,000 / $50 per premises **Developer costs:** Estimated Backhaul Cost @ 50%= $25,000 / $25 per premises

Explanation of Costs

Backhaul charges apply the distance of infrastructure required to connect the development to an **nbn**™ network access point that has capacity. As the cost per premises in the example is under $1000, the developer is only charged for 50% of the total costs. As the developer is undertaking civil works along 600 metres of the route distance the construction costs are reduced through co-development.

We encourage developers to request a Feasibility Assessment to determine all potential backhaul contributions by contacting:

1800 687 626 | newdevelopments@nbn.com.au

nbn.com.au/newdevelopments

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